

**NATIONAL FLOOD INSURANCE PROGRAM (NFIP)  
POLICY ISSUANCE 6-96**

**Subject:** Coverage for Cooperatives and Timeshares

**Background:**

There have been a number of questions over the past year concerning the coverage provided by the NFIP for cooperative and timeshare buildings, specifically, whether they are considered as being residential or non-residential, and whether they are eligible for coverage under the Residential Condominium Building Association Policy (RCBAP).

An owner in a cooperative building does not receive a real estate interest in a unit, but rather a share of stock in a corporation with the right to occupy a particular unit.

Timeshare buildings basically fall into two categories: those where a real estate ownership interest has been conveyed, and those where just the right to the use of a unit has been conveyed.

**Policy Statement:**

Cooperative buildings where at least 75% of the area of the building is used for residential purposes are considered as residential occupancies under the NFIP, and can be insured for a maximum building coverage of \$250,000 in a Regular Program community. Since they are not in the condominium form of ownership, they cannot be insured under the RCBAP. They must be insured under the General Property Policy (GPP).

Timeshare buildings not in the condominium form of ownership where at least 75% of the area of the building is used for residential purposes are considered as

## **Mandatory Purchase of Flood Insurance Guidelines**

---

residential occupancies under the NFIP, and can be insured under the GPP for a maximum building coverage of \$250,000 in a Regular Program community.

Timeshare buildings in the condominium form of ownership are eligible for coverage under the RCBAP. These buildings are subject to the same eligibility, rating, and coverage requirements as other condominiums including the requirement that 75% of the area of the building be used for residential purposes.

---

August 8, 1996  
DATE

---

/s/ Spence W. Perry  
Spence W. Perry  
Acting Deputy Administrator  
Federal Insurance Administration